

# INTRODUCTION

## 1. General

The survey of new dwellings for sale under private construction, the results of which are presented here, is intended to portray the current situation of the sales market of new dwellings under private construction. As such, it aims to provide information that will facilitate decision-making in the process of planning construction policy in Israel. The survey findings are also intended for parties that are involved in activities in the market of new dwellings, as well as for the general public that follows the functioning of the industry. The survey presents current estimates on sales of new dwellings during specific periods (one month, a quarter-year, one year), and on the supply of new dwellings for sale at the end of the designated period. Emphasis is placed on trends and changes in the data on sales and supply of new dwellings, by various characteristics, such as: geographic distribution, size of the building, size of the dwelling, amount of time the dwelling has been on the market, etc. The estimates for each period are revised and updated every month.

The Central Bureau of Statistics wishes to thank the Ministry of Construction and Housing, which participated in funding the survey, as well as all of the parties that assisted with data collection: local authorities, planning and construction committees, construction companies, contractors, real estate agencies, etc. Without the full cooperation of all of these entities, it would not have been possible to conduct the survey in its present form.

## 2. Main Findings

**a. New dwellings sold** - In the last quarter of 2006, approximately 3,370 new dwellings were sold in Israel within the framework of private construction; 6% more than the number of new dwellings sold during the corresponding period in 2005 (see Table A). It should be noted that the second Lebanon War occurred in the third quarter of 2006 (from mid-July to mid-August).

**Table A.- New Dwellings<sup>(1)</sup> sold and Dwellings for Sale, and Number of Months on the Housing Market – Quarterly Data**

	Dwellings sold during the period			Dwellings for sale at end of period		
	Total	Thereof: Dwellings under construction	Number of months on the housing market (median)	Total	Thereof: Dwellings under construction	Number of months on the housing market (median)
<b>2003</b>	<b>11,390</b>	<b>9,724</b>	<b>8.4</b>	<b>11,767</b>	<b>10,608</b>	<b>11.6</b>
I-III	2,701	2,366	7.4	12,609	10,979	13.7
IV-VI	2,708	2,152	11.4	12,600	11,058	12.5
VII-IX	2,935	2,569	7.0	12,376	11,025	11.6
X-XII	3,046	2,637	7.1	11,767	10,608	11.6
<b>2003 R<sup>(2)</sup></b>	<b>11,875</b>	<b>10,193</b>	<b>7.4</b>	<b>12,852</b>	<b>11,616</b>	<b>10.6</b>
I-III	3,044	2,667	7.2	13,063	11,405	13.7
IV-VI	2,753	2,272	10.2	13,131	11,636	12.5
VII-IX	3,020	2,674	6.2	13,053	11,708	11.6
X-XII	3,058	2,580	7.0	12,852	11,616	10.6
<b>2004 R</b>	<b>12,491</b>	<b>11,184</b>	<b>6.1</b>	<b>13,357</b>	<b>11,572</b>	<b>10.0</b>
I-III	3,180	2,880	7.1	12,831	11,426	10.0
IV-VI	3,672	3,285	5.2	12,765	11,358	10.6
VII-IX	2,777	2,510	5.5	12,906	11,559	10.6
X-XII	2,862	2,509	6.5	13,357	11,572	10.0
<b>2005 R</b>	<b>12,825</b>	<b>11,072</b>	<b>7.1</b>	<b>13,030</b>	<b>11,882</b>	<b>9.6</b>
I-III	3,281	2,725	8.1	12,997	11,487	9.7
IV-VI	3,129	2,788	6.1	13,224	11,732	10.3
VII-IX	3,231	2,827	6.1	13,179	11,893	9.8
X-XII	3,184	2,732	9.0	13,030	11,882	9.6
<b>2006 *</b>	<b>13,255</b>	<b>11,832</b>	<b>6.3</b>	<b>11,764</b>	<b>10,513</b>	<b>11.5</b>
I-III	3,855	3,487	5.1	13,456	12,238	9.6
IV-VI	3,316	2,976	5.4	12,932	11,730	10.6
VII-IX	2,710	2,389	7.4	12,533	11,291	10.6
X-XII	3,374	2,980	8.3	11,764	10,513	11.5

(1) For definitions of terms in the table, see Introduction, Chapter 6: "Definitions".

(2) As of 2003, according to a new estimation method. For additional explanations, see Introduction, Chapter 4: "Change in the Estimation Method".

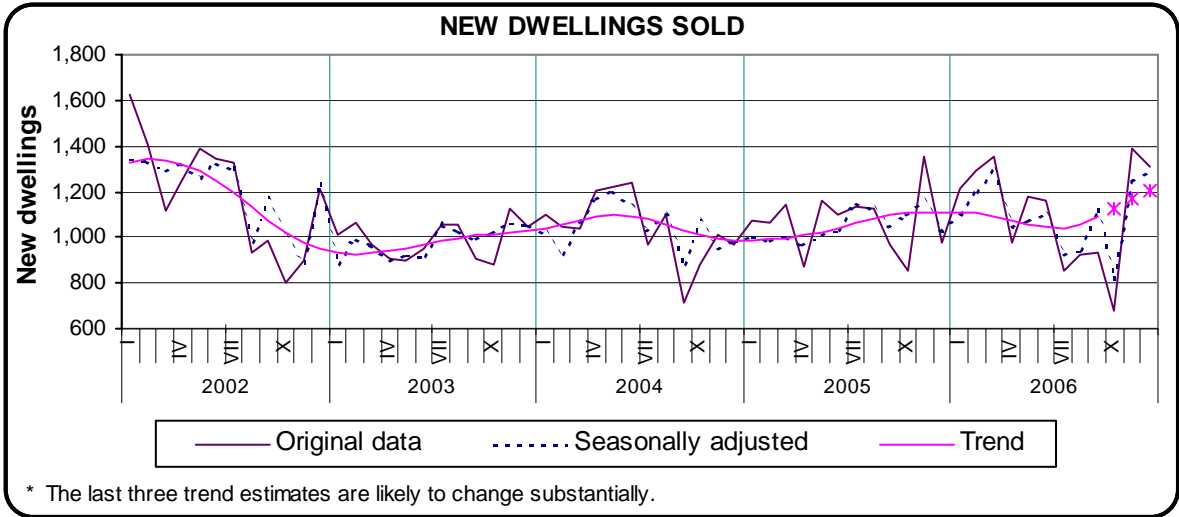
**Table B.- Dwellings Sold and Dwellings for Sale –  
Seasonally Adjusted and Trend Data – Monthly Data**

		Dwellings sold each month			Dwellings for sale at the end of the month		
		Original data	Seasonally adjusted	Trend	Original data	Seasonally adjusted	Trend
<b>2002</b>	I	1,701	1,312	1,331	15,864	15,618	15,492
	II	1,516	1,359	1,348	15,369	15,264	15,255
	III	1,033	1,299	1,354	15,205	15,041	14,999
	IV	1,409	1,346	1,344	14,483	14,747	14,731
	V	1,243	1,343	1,316	14,608	14,528	14,463
	VI	1,523	1,340	1,268	13,878	13,943	14,208
	VII	1,513	1,283	1,204	13,645	13,909	13,977
	VIII	923	992	1,130	13,598	13,748	13,772
	IX	941	1,101	1,058	13,622	13,693	13,589
	X	815	967	994	13,629	13,553	13,420
	XI	879	893	945	13,090	13,275	13,257
	XII	1,103	1,140	912	13,070	13,115	13,098
<b>2003<sup>(1)</sup></b>	I	861	784	875	13,006	12,767	12,839
	II	1,002	874	867	12,761	12,751	12,722
	III	838	852	877	12,609	12,555	12,634
	IV	837	822	900	12,288	12,470	12,572
	V	920	976	930	12,117	12,261	12,529
	VI	951	968	961	12,600	12,509	12,489
	VII	1,116	1,124	988	12,236	12,474	12,437
	VIII	988	1,088	1,007	12,557	12,475	12,363
	IX	831	851	1,016	12,376	12,366	12,262
	X	897	1,009	1,019	12,254	12,178	12,138
	XI	1,106	1,085	1,017	11,848	11,913	12,005
	XII	1,043	1,019	1,011	11,767	11,782	11,876
<b>2004<sup>(2)R</sup></b>	I	1,098	1,024	1,039	13,072	13,062	12,960
	II	1,048	925	1,055	12,728	12,306	12,933
	III	1,034	1,061	1,074	12,831	12,843	12,914
	IV	1,206	1,173	1,089	12,969	13,015	12,903
	V	1,226	1,200	1,097	12,883	12,913	12,902
	VI	1,240	1,134	1,093	12,765	12,805	12,916
	VII	965	1,026	1,078	12,788	12,858	12,947
	VIII	1,097	1,097	1,054	13,145	13,057	12,994
	IX	715	881	1,029	12,906	12,924	13,052
	X	884	1,070	1,008	12,859	12,705	13,109
	XI	1,012	952	994	13,211	13,269	13,154
	XII	966	989	988	13,357	13,446	13,178
<b>2005 R</b>	I	1,076	1,001	987	13,281	13,231	13,181
	II	1,062	981	990	12,924	12,988	13,168
	III	1,143	1,000	997	12,997	13,059	13,152
	IV	875	964	1,008	13,076	13,057	13,140
	V	1,159	1,015	1,023	12,917	13,029	13,135
	VI	1,095	1,033	1,042	13,224	13,290	13,138
	VII	1,133	1,155	1,063	13,347	13,371	13,147
	VIII	1,129	1,127	1,081	13,243	13,161	13,160
	IX	969	1,047	1,095	13,179	13,139	13,180
	X	852	1,100	1,105	13,127	13,100	13,211
	XI	1,353	1,157	1,110	13,173	13,237	13,255
	XII	979	1,032	1,112	13,030	13,232	13,307
<b>2006 *</b>	I	1,209	1,103	1,110	13,176	13,185	13,355
	II	1,294	1,192	1,104	13,517	13,595	13,381
	III	1,352	1,296	1,091	13,456	13,389	13,369
	IV	976	1,048	1,073	13,557	13,616	13,307
	V	1,181	1,075	1,055	13,242	13,252	13,195
	VI	1,159	1,098	1,043	12,932	12,927	13,039
	VII	856	923	1,042	12,693	12,687	12,857
	VIII	923	944	1,057	12,494	12,480	12,665
	IX	931	1,113	1,087	12,533	12,568	12,480
	X	677	822	1,126	12,594	12,566	12,312
	XI	1,391	1,245	1,167	12,105	12,096	12,168
	XII	1,306	1,283	1,202	11,764	11,911	12,048

(1) For a comparison of 2003 data according to the new and old methods, see Table F.

(2) According to a new estimation method.

One-half of new dwellings under private construction sold in the last quarter of 2006, were sold within approximately eight months of the beginning of construction; compared with approximately nine months in the corresponding quarter of 2005. According to seasonally adjusted data, the number of dwellings sold in the last quarter of 2006 was 12% higher than in the third quarter of 2006. However, the number of dwellings remaining on the market has continued to drop, according to trend data, so that the supply of dwellings left for sale at the end of December, 2006 was about 10% lower than in December, 2005.



Of all new dwellings sold under private construction in the last quarter of 2006, approximately 39% were sold in the Central District and approximately 30% were sold in the Tel Aviv District. The smallest number of dwellings sold among the districts was in the Northern District (approximately 4% of all dwellings sold in the entire country) (see Table C).

**Table C.- Dwellings Sold and Dwellings for Sale, by District**

District	Dwellings sold from October to December 2006		Dwellings for sale at the end of December 2006	
	Total	Number of months on the housing market <sup>(1)</sup> (average)	Total	Number of months on the housing market <sup>(1)</sup> (average)
<b>Total</b>	<b>3,374</b>		<b>11,764</b>	
Central	1,315	10.5	3,827	13.3
Tel Aviv	997	12.0	3,391	16.8
Southern	318	12.8	1,766	18.9
Haifa	264	11.3	1,056	12.6
Jerusalem	248	7.8	859	13.2
Northern	128	8.2	579	19.7
Judea and Samaria Areas	104	7.7	287	17.5

(1) Since the beginning of construction.

Out of the 6 cities in which the greatest number of dwellings were sold in the last quarter of 2006, **Netanya** leads the group with 345 dwellings sold, and only 180 new dwellings were sold in **Holon**.

**Table D.- Dwellings Sold and Dwellings for Sale, by Selected Cities**

City	Dwellings sold from October to December 2006		Dwellings for sale at the end of December 2006	
	Total	Number of months on the housing market <sup>(1)</sup> (average)	Total	Number of months on the housing market <sup>(1)</sup> (average)
<b>Netanya</b>	345	6.9	722	9.2
<b>Petah Tiqwa</b>	303	11.9	800	12.9
<b>Tel Aviv-Yafo</b>	299	10.8	1,059	17.8
<b>Jerusalem</b>	231	7.4	671	12.5
<b>Ashdod</b>	194	10.7	713	12.4
<b>Holon</b>	182	12.9	588	11.3

(1) Since the beginning of construction.

Approximately 74% of all new dwellings sold in the country in the last quarter of 2006 were sold in the **Tel Aviv metropolitan** area (see Table E). It should be noted that in sales of dwellings in the metropolitan area of Tel Aviv, in the northern section of the middle ring, there was an increase of approximately 156% during the last quarter of 2006, compared with the corresponding quarter in 2005. In addition, there was an increase of approximately 40% each in the southern sections of the inner and middle rings. Furthermore, there was an increase of approximately 27% and 22% in sales of new dwellings in the eastern section of the inner ring and in the northern section of the outer ring, respectively. However, there was a decline of about 23% in sales of new dwellings in city of Tel Aviv-Yafo. In the **Haifa metropolitan** area, there was an increase of approximately 60% in the southern section of the inner ring. In the city of Haifa itself, there was a drop of approximately 9% in sales of dwellings. Regarding the **Be'er Sheva metropolitan** area, in the city of Be'er Sheva, there was a drop approximately 73% in sales of dwellings compared with the corresponding quarter of 2005.

**Table E.- Dwellings Sold and Dwellings for Sale,  
by Metropolitan Areas, Rings and Sections**

	Dwellings sold from October to December		Percentage of change <u>X-XII 2006</u> <u>X-XII 2005</u>	Dwellings for sale at the end of December		Percentage of change <u>XII 2006</u> <u>XII 2005</u>
	2005	2006		2005	2006	
<b>Total in metropolitan areas</b>	<b>2,567</b>	<b>2,808</b>	<b>9.4</b>	<b>10,726</b>	<b>9,600</b>	<b>-10.5</b>
<b>Tel Aviv metropolitan area</b>	<b>2,246</b>	<b>2,501</b>	<b>11.4</b>	<b>8,906</b>	<b>7,930</b>	<b>-11.0</b>
<i>Core (Tel Aviv-Yafo)</i>	387	298	-23.0	1,280	1,059	-17.3
<i>Inner ring</i>	558	699	25.3	2,784	2,332	-16.2
Northern section	107	103	-3.7	435	287	-34.0
Eastern section	270	342	26.7	1,562	1,302	-16.6
Southern section	181	254	40.3	787	743	-5.6
<i>Middle ring</i>	512	654	27.7	2,288	2,094	-8.5
Northern section	27	69	155.6	178	152	-14.6
Eastern section	290	313	7.9	955	923	-3.4
Southern section	195	272	39.5	1,155	1,019	-11.8
<i>Outer ring</i>	789	850	7.7	2,554	2,445	-4.3
Northern section	398	486	22.1	1,350	1,290	-4.4
Eastern section	9	4	-55.6	70	69	-1.4
Southern section	382	360	-5.8	1,134	1,086	-4.2
<b>Haifa metropolitan area</b>	<b>261</b>	<b>286</b>	<b>9.6</b>	<b>1,269</b>	<b>1,284</b>	<b>1.2</b>
<i>Core (Haifa)</i>	54	49	-9.3	303	343	13.2
<i>Inner ring</i>	143	156	9.1	637	556	-12.7
Northern section	66	59	-10.6	403	265	-34.2
Eastern section	32	25	-21.9	70	84	20.0
Southern section	45	72	60.0	164	207	26.2
<i>Outer ring</i>	64	81	26.6	329	385	17.0
Northern section	41	49	19.5	289	303	4.8
Eastern section	3	28	833.3	12	56	366.7
Southern section	20	4	-80.0	28	26	-7.1
<b>Be'er Sheva metropolitan area</b>	<b>60</b>	<b>21</b>	<b>-65.0</b>	<b>551</b>	<b>386</b>	<b>-29.9</b>
<i>Core (Be'er Sheva)</i>	59	16	-72.9	442	276	-37.6
<i>Inner ring</i>	-	1	-	1	1	-
<i>Middle ring</i>	1	4	300.0	108	107	-0.9
<i>Outer ring</i>	-	-	-	-	2	-

Approximately half of the new dwellings under private construction that were sold in the last quarter of 2006 had 4 rooms, and approximately 40% of the dwellings sold were large dwellings – with 5 rooms or more. The proportion of small dwellings (1-3 rooms) was approximately 9% (see Table 1.5).

**b. New dwellings for sale at the end of the month** – the number of new dwellings under private construction left for sale at the end of December, 2006 totaled approximately 11,760. Approximately half of these dwellings had been on the market of new dwellings (under private construction) for approximately a year from the beginning of their construction. By contrast, approximately half of these dwellings left for sale at the end of the corresponding

quarter in 2005 had been on the market of new dwellings for approximately 10 months from the beginning of their construction (see Table 2.2).

The dwellings left for sale at the end of December, 2006 were on the market in the **Northern and Southern Districts** for a period of approximately 20 and 19 months, respectively; in the **Tel Aviv District** for about 17 months; and in the **Central, Jerusalem, and Haifa Districts** they were on the market for approximately 13 months in each district (see Table C). In the city of **Tel Aviv-Yafo**, dwellings left for sale were on the market for approximately 18 months, and in the city of **Petah Tiqwa** for approximately 13 months. In the cities of **Jerusalem and Ashdod**, the dwellings left for sale were on the market for approximately a year, in the city of **Holon** they were on the market for about 11 months, and in the city of **Netanya** they were on the market for only about 9 months (see Table D).

An analysis of the supply of dwellings for sale according to geographical distribution indicates that approximately 33% and approximately 29% of the dwellings left for sale in December, 2006 were in the **Central and Tel Aviv Districts**, respectively (see Table C).

Out of all the new dwellings left for sale at the end of December, 2006 approximately 1,060 dwellings were built in the city of Tel Aviv-Yafo, approximately 800 in Petah Tiqwa, approximately 720 in Netanya, approximately 710 in Ashdod, approximately 670 in Jerusalem, approximately 640 in Ashqelon, approximately 590 in Holon, and approximately 520 in Rehovot (see Tables D and 2.8).

### 3. Survey Methods

**a. Description of the survey** – this survey of new dwellings for sale under private construction follows the stages of implementing construction permits (of residential buildings for purposes of selling dwellings) through interviews with building contractors regarding beginnings of construction, sales of dwellings and completions of construction. An inquiry is made as to the purpose of the construction, i.e., whether it is for the purpose of sales, or whether it is for another purpose. A building in which over 50% of the dwellings are for sale on the real estate market will be included in the survey of new dwellings for sale under private construction. Collection of data on the subjects of the survey (sale of dwellings) is done in an ongoing monthly observation, beginning with the start of construction. The follow-up on sales of dwellings is stopped when one of the following two conditions is met:

- (1) The dwelling is sold.
- (2) 15 months have passed since the day of completion of construction.

The follow-up does not include construction for rental, construction for own use, and construction by associations.

For dwellings sold “on paper”, i.e., before the beginning of construction, the month of beginning construction is regarded as the sale month. For the effects of this estimate on the survey data, see Chapter 5, paragraph a.

**b. The framework of the dwellings in the survey** – all new dwellings in the country under private construction, for sale purposes. The survey studies data on the new dwellings intended for sale, whose construction has begun, and for which the CBS received a report of their construction permit.

**c. Investigation units** – new dwellings in residential buildings under private construction for sale purposes. The point of origin of beginning the investigation is the permit of construction of dwellings for sale, issued by planning and construction committees.

**d. Investigation subjects** –

- (1) Beginning of construction
- (2) Completion of construction
- (3) Dwellings offered for sale
- (4) Sale of dwellings

**e. Data collection** – the survey on sale of dwellings is conducted as an appendix to the survey “Beginnings and Completions Under Private Construction”. Most of the information is received through telephone interviews, which inquire the number of dwellings for sale, by various characteristics, at a national distribution. The interviews are conducted on Sundays to Thursday (not including holidays and holiday eves).

**f. Entry and editing of the questionnaires** – the first entry of the main data on the building is based on the information received from the construction permits issued by the planning and construction committees. After that, in a telephone interview with the construction companies, the information on dwelling sales is completed. In this interview the information regarding a description of the building (presented by the construction company) is checked against the data appearing on the construction permit received earlier from the local authority. Inconsistencies are looked into by a return call to the construction company or to the local authority (cross-checking data). These means of inspection improve the quality of the data.

**g. Imputation of missing data** – the collected data are subject to being under-reported for the following reasons:

- (1) Lack of reporting about construction permits
- (2) Delays in reporting beginnings of construction
- (3) Lack of reporting regarding dwellings for sale
- (4) Reports regarding dwellings for sale do not relate to a full calendar month, but to the difference between two follow-up dates.

In order to complete the missing reports, special statistical models were designed, in order to complete the missing data. These models are intended to improve the reliability of the publicized data. The estimation method was intended to reduce, as much as possible, any possible bias of the survey data.

Imputation of the data is performed in a number of stages:

- (1) Lack of reporting about construction permits – the imputation is based on the rate of issuing permits in previous periods of time in the same locality, and on trends in other localities.
- (2) Delays in reporting beginnings of construction – imputation of the date of beginning construction is based on the assumption that the period of time from receiving a construction permit to the beginning of construction, is similar to the period of time reported with regard to buildings that received permits the previous year, for which information regarding construction beginnings and conclusions was received from the field.
- (3) Lack of reporting regarding dwellings for sale – is revised by imputation based on the rate of sales in similar buildings, in the same period, for which data was received from the field.
- (4) Data on the dwellings for sale received between two follow-up dates, which do not relate to a full calendar month – are adapted (according to a calculation of the daily rate of sales) to a calendar month.

#### **h. Seasonal adjustment:**

- (1) The original data of the latest months are provisional, and may be updated on receipt of delayed reports.
- (2) The seasonally adjusted data are estimated using the X-12-ARIMA seasonal adjustment method that was developed by the US Census Bureau and by a procedure developed in the Central Bureau of Statistics (CBS) for the simultaneous estimation of the moving festival dates and the number of trading days effects in Israel.
- (3) The seasonally adjusted data are calculated by adjusting the original data for the influence of seasonality and festival and trading day effects. Trend data are estimated by removing the irregular influences (noise) from the seasonally adjusted data.
- (4) The seasonally adjusted data and the trend are subject to revisions as they are calculated **anew** each month or quarter, on the basis of original data that include an additional observation (concurrent seasonal adjustment).
- (5) A detailed and updated explanation on the seasonal adjustment procedure and trend estimation is given in the publication *Seasonal and Prior Adjustment Factors for 2006, Trends for 2002-2006* (Classifications and Methods, Statistical Methods, Time Series) which appears on the CBS website only, at:

<http://www.cbs.gov.il/publications/tseries/seasonal06/presentatione.pdf>

## 4. Change in the Estimation Method

In 2004 a change was made in the method of estimating survey data. The main improvement can be seen in the method of data imputation, in a model that serves to estimate the number of sold dwellings. Table F below, presents a comparison between the results of imputation by both methods, for 2003. The data for 2003, except for seasonally adjusted and trend data, were processed by the updated estimation method, in order to make it possible to compare them with 2004 data.

**Table F.- Comparison between Two Methods of Data Imputation  
2003**

	Dwellings sold during the period				Dwellings for sale at end of period			
	Total <sup>(1)</sup>	Thereof: Dwellings under construction	Number of months on the housing market <sup>(2)</sup>		Total <sup>(1)</sup>	Thereof: Dwellings under construction	Number of months on the housing market <sup>(2)</sup>	
			Average	Median			Average	Median
	<b>Old Method</b>							
<b>Total</b>	<b>11,390</b>	<b>9,724</b>	<b>12.3</b>	<b>8.4</b>	<b>11,767</b>	<b>10,608</b>	<b>17.6</b>	<b>11.6</b>
I	861	738	9.8	7.4	13,006	11,426	17.8	12.7
II	1,002	882	10.5	8.0	12,761	11,253	18.2	13.2
III	838	746	9.9	6.6	12,609	10,979	18.6	13.7
IV	837	674	19.3	12.1	12,288	10,725	18.6	13.6
V	920	670	18.8	15.4	12,117	10,520	18.2	12.8
VI	951	808	11.6	10.0	12,600	11,058	17.5	12.5
VII	1,116	970	10.6	6.4	12,236	10,886	17.5	12.5
VIII	988	868	10.0	6.4	12,557	11,252	17.1	11.7
IX	831	731	11.7	8.5	12,376	11,025	17.3	11.6
X	897	772	12.9	7.1	12,254	11,012	17.3	11.6
XI	1,106	984	11.7	7.5	11,848	10,650	17.7	11.7
XII	1,043	881	11.9	6.4	11,767	10,608	17.6	11.6
	<b>New Method</b>							
<b>Total</b>	<b>11,875</b>	<b>10,193</b>	<b>11.8</b>	<b>7.4</b>	<b>12,852</b>	<b>11,616</b>	<b>17.0</b>	<b>10.6</b>
I	1,013	865	10.8	7.3	13,241	11,696	17.8	12.8
II	1,060	941	10.1	7.3	13,218	11,731	17.9	13.5
III	971	861	10.3	7.1	13,063	11,405	18.2	13.7
IV	903	748	17.1	10.1	12,699	11,143	18.2	13.6
V	902	707	14.5	14.1	12,607	10,967	18.3	12.9
VI	948	817	10.7	7.7	13,131	11,636	17.3	12.5
VII	1,059	915	10.6	6.2	12,958	11,664	17.2	12.5
VIII	1,058	949	9.2	5.2	13,249	11,972	16.9	11.8
IX	903	810	10.5	6.3	13,053	11,708	17.3	11.6
X	879	760	11.9	6.5	13,182	11,779	17.1	11.0
XI	1,129	936	14.0	7.0	12,910	11,631	17.1	11.0
XII	1,050	884	12.1	7.0	12,852	11,616	17.0	10.6

(1) Including dwellings under construction, and dwellings whose construction was completed during the 15 months prior to the date of the survey.

(2) Since the month of beginning construction.

The survey includes residential buildings for which reports of sales (or non-sales) of dwellings they contain are often received after great delays, or are not received at all. In order to reduce the bias that results from that, an imputation is performed of dwelling sales in

a building without timely reports. Imputation of the sales of dwellings in these cases is calculated using a statistical model, according to assumptions determined in advance. The rate of selling dwellings in buildings without reports is determined on the basis of groups of buildings with similar characteristics, reports of which were received on time (see explanations on the survey method in Chapter 3). In the new estimation method four types of group characteristics were chosen: number of dwellings in the structure, number of rooms in the dwelling, district and period of beginning construction.

The new method of estimation was formulated in order to create a stable series of data over a period of time. The rate of selling the unreported dwellings, in the new estimation method, is based on the use of a smaller number of homogeneous imputation groups than in the previous method, so that each group includes a larger number of buildings and makes it possible to obtain a more stable data series. In addition, under the new method, more sales of new dwellings are imputed at the beginning of the construction period than at its end (see Table 1.7).

## 5. Reliability of the data

a. For dwellings sold before the date of beginning construction, the sale month is regarded as the month of beginning construction; i.e., a late sales month is regarded as the actual sales month. This approach results in the fact that the sales publicized for a specific month include both “surplus sales” and “missing sales”, with the effect of “offsetting errors”:

- (1) The “surplus sales” are sales conducted in the months prior to the beginning of construction, but are regarded as the month in which the construction of the dwellings actually began.
- (2) The “missing sales” are sales of dwellings whose construction has not yet begun. These sales will be regarded as a later month (in which construction will begin).

Therefore, total sales publicized for a specific month, e.g., October, do not include dwellings that were sold in October, but whose construction will in fact begin after October. However, it does include surplus dwellings that were sold before October, but whose construction will only begin in October. The datum of dwellings sales for October therefore includes both “missing sales” and “surplus sales”, and therefore, as noted, there is a certain offsetting of errors.

b. The survey data are updated and revised every month, with imputations that were made being exchanged for data collected late from the field. The reasons for the delay in the data collection are:

- (1) A delay in reporting by local authorities. In certain cases the authorities may transmit information on construction permits to the CBS after a delay of months, and even years; late updates of exceptions in the reports made by the authorities may cause exceptional changes in the data publicized.
- (2) A delay in data collection, which stems from mishaps in the process.

As stated, the information for a specific month improves with time due to adjustment of imputations to late reports. Therefore, in a specific month, a series of estimates is obtained, which improves from month to month; the later the estimate, the smaller the part of imputation in the estimate (alternatively, the closer the date of publication to the month to which it refers, the greater the part of imputation in the estimate, and therefore its reliability is lower).

**c.** The greater the number of dwellings for sale, the lower the relative error after offsetting. Therefore, the estimates for greater numbers are more reliable than those of smaller numbers.

**d.** The survey does not include data on dwellings constructed for sale without construction permits (illegal construction). It seems, that most dwellings built without construction permits are intended for the owner's own use; therefore, the number of dwellings constructed without construction permits for sale purposes, is negligible.

## 6. Definitions

**Private construction:** All construction not initiated by the government, national institutions, local authorities or companies entirely controlled by these institutions.

**Initiator:** The person who plans the construction (determining location, standards and area) and inspects it.

**Construction begun:** Beginning the digging of the foundations.

**Construction completed:** When the building is technically finished and is ready to function; or when use is being made of more than half its area.

**Dwelling:** A room or combination of rooms, in a permanent structure, intended for residential purposes. It includes service rooms, and has a separate entrance from the street or from an area shared with other dwellings in the building.

**Dwelling under construction:** A dwelling (see above definition) whose construction has begun, but has not yet been completed.

**New dwelling:** A dwelling (see above definition) that was under construction at the time of the survey, or whose construction was completed less than 15 months prior to the survey.

**Dwelling for sale:** A new dwelling (see above definition) constructed for sale purposes, and for which there was no signed sale contract at the time of the survey, or for which a deposit

had not yet been paid. Excluding construction for own use, by associations or construction of dwellings for rent.

**Sold dwelling:** A dwelling that was for sale (see above definition), and for which a sale contract has been signed, or for which a deposit has been paid.

**Residential building:** A distinction is made between two types of buildings with regard to sale of dwellings:

- (1) Buildings for sale – buildings in which 51% or more of the dwellings have been on sale from the outset. All of the dwellings in the building are included in the survey, where the dwellings that were not for sale from the outset are considered to be sold dwellings.
- (2) Buildings not for sale – buildings in which 51% or more of the dwellings were not for sale from the outset. All of the dwellings in the building are defined as not for sale, and are not included in the survey.

**Length of time that a sold dwelling has been on the market of new dwellings:** The number of months from the beginning of construction to the date that the dwelling is sold.

**Length of time that a dwelling for sale is on the market of new dwellings:** The number of months from the beginning of to the date of conducting the field survey.

**Room:** A living room, bedroom, guest room, dining room, etc., whose area is generally 6 sq.m. or more. “Half rooms” that serve as living quarters are included under “rooms in dwelling”. Not included are service rooms: kitchens, toilets, bathrooms and other rooms that are not used as living quarters.

**Months of supply:** The number of months until the dwellings are sold out, according to the sales rate in the respective month.

**District:** Districts were defined according to the official administrative division of the State of Israel, which includes 6 districts. In 1972, Judea, Samaria and the Gaza Area were added, in order to characterize the Jewish localities and the Jewish population in these areas. In August 2005, the localities in the Gaza Area and in northern Samaria were evacuated under the Disengagement Plan Law 2005.

**Metropolitan area:** A large urban concentration, including a series of adjacent local authorities that maintain economic, social and cultural relations. For a detailed explanation, see *Statistical Abstract of Israel*, Chapter 2, Population.